

Weathering the storm and staying on course De-Risking Singapore's Future

As we steer through the current round of global market meltdown and look towards our future-scape, Singapore will need to ride the current storm in order to achieve **sustainable economic growth**.



While weathering through the current storm, the silver lining on the horizon remains

strong. Singaporeans' attitudes towards their future society as revealed in "Our Singapore Conversation 2010" include assurance of mind, trust, purpose, integrity and spirit. These drivers continue to guide the Government's public policies as Singapore prepares itself for its future.



With manufacturing in the doldrums, Small Medium Enterprises (SMEs) are facing vulnerability, particularly those in import businesses having to deal with a weakened currency. Although GDP grew by 2.0 to 2.1 per cent in

2015, it shows a slowing down from 2.9 per cent in the prior year. With little signs of the economy picking up, how can we weather through this storm and stay on course to its potential?



Singapore will need to remain **strong and resilient** against the physical-virtual threats in order to reach a state of an **exemplary inclusive society**. With these 3 stated goals in mind, Deloitte Risk Advisory Services explore how Singapore can mitigate and de-risk our future following these key themes centered on value creation.

REINVENT



In the continuous push to re-invent Singapore for the future, there is a need to ensure that we encourage the creation of a unique country identity among its citizens which also translates into business experiences. South Korean businesses are able to create the "Korean Wave" – a phenomenon that adopted business ventures across specifically selected industries to create a brand experience and lifestyle engagement that is now internationally recognized. An example of this is the K-POP culture.

It is vital for Singapore to identify and incubate value creators who have potential for strong "cross border following" leveraging the strong Singapore brand in order to prepare us for the global arena.

With that said, Singapore's fresh commitment of S\$19b in Research & Development (R&D), an 18% increase from 2015, must not be squandered along the path of myopic gratification. "As Singapore seeks to move up the global value chain, we must resist temptations of short-term gain that may threaten long-term rewards. Innovation must be nurtured and incubated, coupled with new business models to decouple the linear growth."

– Dr Yong Chern Chet, Director, Deloitte Southeast Asia Risk Advisory Services

RELEVANT AND ROBUST



Singapore's stellar reputation as a business hub will take a hard knock if we don't scale up with value creation. With the integration of Southeast Asia's diverse economies - comprising 622 million people and with a combined GDP of US\$2.6 trillion last year - Singapore will be part of the fourth largest world economy by 2030, with expected nominal GDP reaching US\$6.6 trillion for the ASEAN countries combined. Yet whilst we capitalize cross-border talent, we need to re-skill and upgrade our present and future workforce to develop globally applicable and coveted human capital. In order to increase new positive value creation in our market, we need to establish a stable and resilient physical-virtual business and living environment. This will in turn help to attract and nurture productive and creative endeavors.

In a report launch in April last year, US-based research institute Business Environment Risk Intelligence (BERI) ranked Singapore first out of 50 major investment destinations. Singapore's stable political and economic climate remains an ideal environment to invest in. However, continual realignment of governmental policies and systems are imperative to safeguard Singapore's reputation as a prime investment destination.

In any type of business reconfiguration, transformative M&A activities carry the risk of negative value creation when not properly implemented. The heightened M&A and integration activities that we are witnessing in the local corporate scene possess such risks. The clash of organization cultures require capable program and change management, which do not come naturally. Hence, risk mitigation is key.

Deloitte Risk Advisory's research shows that continual strategic risk monitoring on the business environment and aligning middle management acceptance of the strategy can reduce the impact on potential negative creation by as much as 25%. "It is crucial to be proactive and to emphasize risk mitigation in the strategy implementation process. Continuous modeling of effective vigilance, efficient mitigation and strategic alignment (a 3-pronged approach) is required to achieve success with distinction" shares Dr Janson Yap, Regional Managing Director of Deloitte Southeast Asia Risk Advisory.

REVIVAL AND RENAISSANCE



In order to claim the global leader's status of a Smart City-Nation, Singapore must not only be at the forefront of human-centered technology design, but also be a nurturer of new lifestyles and values. As we move towards a renaissance city, different population groups will harbor varying sentiments towards the future. How do we ensure that no man is left disconnected from the rest of the society?

Building on Singapore's steady emphasis to provide financial and structural elements of support, the government should also consider embracing a global brand identity where our 'software' is adjacent to our 'hardware'. The aspiration and intention is here, but there needs to be strong initiative to drive this revival and paradigm shift mindset and behaviour of our people. Dr Janson Yap adds, "In the interim, the nurturing of new values such as ambiguity tolerance, will teach Singaporeans to think more holistically, from the analytical to the conceptual. This is an opportunity for the government to create a more inclusive society that transcends the traditional and myopic drivers, a catalyst to our convergence into the global frontier."

As we move beyond 2016 to create a future sustainable generation, the responsibility lies in that of the government and our population to do more in creating a healthy culture and economy. Deloitte Risk Advisory believes that it is insufficient to emphasize merely on the direction of infrastructure, new models of care, and our environment. What Singapore can do better, is to embrace global views and harmonize our hardware with that of our behavior and culture. Only by building a Singapore brand that is globally identified with, can we successfully weather the storm and stay on course to sustainable economic growth.

Find out more:

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